THE WEEK THAT JUST WAS

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BB=Bilderberger CFR=Council on Foreign Relations M=Mason RS=Rhodes Scholar TC=Trilateralist

GOVERNOR BUSH MAKES SHOWCASE VISIT TO ISRAEL AND ANSWERS ADL INQUIRIES REGARDING HIS VIEWS ON RELIGION

Israel is "a country of genius," according to George Walker Bush (S&B 1968). Bush paid his respects at the Yad Vashem (Isaiah 56:5) memorial to the Holocaust. Bush and three other U.S. Governors were treated to a dinner by Prime Minister Benjamin Netanyahu on Monday. Bush said: "The relationship between Israel and the United States is a very special relationship. It will always be that way." An AP photo in the *Austin American-Statesman* (Dec. 1) showed Bush wearing a traditional Jewish Yarmulke ("in awe of God") at the Western wall on Monday.

The *New York Times Magazine* has now done a major profile on Bush. Abraham Foxman, national director of the New York-based ADL, is wanting Bush to clarify his regretted religious remarks. Before running for Governor in 1993, Bush said in a Dallas interview that people who do not believe in Jesus Christ cannot go to heaven. Foxman said he expected a letter next month that will expand Bush's views. Bush and his wife Laura, before their Israel trip, visited Italy. Before departing from the New Orleans GOP Governor's conference (*Austin American-Statesman* Dec.1), Bush told a reporter, while waiting for an elevator, that the first thing he was going to say to Israeli Jews was that they were all "going to hell."

The four governors (AP Dec. 1) were flown over areas of the West Bank that Israel hopes to annex and shown an anti-missile (the Arrow) that is being developed by Israel with heavy U.S. funding. An Arrow II missile is also being designed that will serve as an interceptor for defense of military assets and population centers. The work is being performed by Israel Aircraft Industries. Bush (CBS Nov. 30) had dinner with Natenyahu who is believed to be partial to American Republicans. The film coverage showed him pointing his finger repeatedly to a smiling Bush. No meeting was held (Austin American Statesman Dec. 4) with Yasser Arafat of the PLO. Visits to two Israeli settlements were cancel on the request (Austin American Statesman Dec. 2) of the U.S. Embassy.

On his return to Austin (Reuters Dec. 4), Bush stated: "What I said was that my faith tells me that acceptance of Jesus Christ as my savior is my salvation and I have made it clear that it is not the governor's role to decide who goes to heaven." He added: "I believe God decides who goes to heaven, not George W. Bush." Bush (AP Dec. 3) also said: "First and foremost I've got a job to do as the governor of this state." Bush said he had addressed Foxman's concerns in an unreleased October letter which he deemed a "personal matter." He was further quoted (Austin American Statesman Dec. 4): "I've got great respect for other religions of the world. But I happen to firmly believe what I just told you about the tenets of Christianity."

A major rewrite of the Texas Constitution (Austin American Statesman Dec. 4) may reveal Governor Bush's elitist or democratic views in the upcoming session of the Texas Legislature. Two reframers, Sen. Bill Ratliff and Rep. Rob Junell, have proposed an almost entirely new constitution that would provide House members with four-year terms (rather than two years) and extend State Senator's 4-year terms to six years. The rewrite calls for appointment of judges, a cabinet form of government and eventual term limits.

FATHER BUSH DOES A REGIONAL TOUR OF MIDDLE EAST

George Herbert Walker Bush (CFR/M/S&B1948/TC) described as Kuwait's favorite American, arrived Tuesday (Reuters 1998) in Kuwait, as part of a regional tour. On his arrival he was greeted by Kuwiat's Crown Prince and P.M. Sheikh Saad al-Abduallah al-Sabah. Bush said in an interview that Iraq now lacks the military power to reinvade Kuwait. While President, he opposed Jewish West Bank settlements. The Bush administration (Austin American-Statesman Nov. 30), after finding that U.S. loans were being used for settlement construction, withheld loan guarantees to Israel. The elder Bush also visited in Saudi Arabia (AP Dec. 1). Bush was the guest of the Mansour Group (Gulf-News Sept. 9, 1997) that is one of Egypt's major privately-owned companies involved in car manufacturing, distribution of heavy equipment, management of hotels, real estates, banks and McDonalds Egypt. It has a joint firm relationship with Britain's Flemings Investment Bank which has 41 international branches . Mohammed Mansour is chairman of the Mansour group.

LINE-UP OF POSSIBLE DEMOCRATIC PRESIDENTIAL CANDIDATES BEGINS

Former NJ pro-basketball player and former U.S.Senator Bill Bradley (CFR/RS) is expected to seek the Democratic presidential nomination (AP Dec. 2). Bradley has now formed an exploratory committee (AP Dec. 4) and wants to provide the kind of leadership "that calls attention to the actions of millions of American who shine every day." Other candidates may include Richard Andrew "Dick" Gephardt of Missouri (CFR), libral U.S. Senator Paul Wellstone of Minnesota (who formed an exploratory committee in April), Senator Bob Kerrey of Nebraska and John Forbes Kerry (CFR/M/S&B 1966) of Massachusetts. Gephardt (Reuters Dec. 3) will decide whether or not to make a bid in 30-40 days. He described the Democratic Party as "the party of pragmatism." Wellstone said (AP Dec. 3) Thursday: "I'm going to raise Cain about the ways in which I think my own party is trying to wire this."

GORE MAKING HIS MOVES TOWARDS DEMOCRATIC PRESIDENTIAL NOMINATION

There are just 699 days to go (NBC News Dec. 4) before the next presidential election.

Vice-President Al Gore, Jr. (CFR/M), the presumptive Democratic favorite, is expected to use the slogan of "practical idealism" to combat the "compassionate conservatism" claimed by Governor Bush. Wednesday Gore (AP Dec. 2) spoke to the 13th annual Democratic Leadership Council but didn't mention Bush by name. He said: "We (Democrats) see that it is too damn hard right now to pay the bills and juggle day care and spend time with your kids." Gore (AP Dec. 1) has picked White House political director Craig Smith as his campaign manager. His campaign chairman may be lobbyist Peter Knight or former White House counsel Jack Quinn.

Peter S. Knight (Washington Post Oct 27, 1997) is a longtime Gore aid and chief fund-raiser. In the spring of 1995, he made one of his first pitches to a hazardous waste disposal firm in the state of Massachusetts. In a letter after a $50,000 pledge, he wrote to Molten Metal Technology Inc.: "Your participation in this program will give you a special place of significance with the vice president and put you first in line..." Molten already was paying Knight $7,000 a month plus lucrative stock options to be its Washington D.C. lobbyist. Knight was Gore's chief of staff for 13 years both in the House and Senate. In 1996 he headed the Clinton-Gore reelection campaign. He is a partner in Wunder, Knight, Levine, Thelen & Forscey. His clients include Lockheed Martin Corp. and the Walt Disney Co. In 1994 Molten President William M. Haney III made a $50,000 donation to endow a chair in environmental studies at the University of Tennessee to be named after Nancy Gore Hunger (Gore's sister who died of lung cancer in 1984). Two days after the donation, the Department of Energy added $9 million to an existing $1.2 million research contract with Molten to develop technology for hazardous waste disposal.

Jack Quinn was made Assistant to the President and White House Counsel on September 20, 1995. He replaced Abner Mikva who returned to private practice. Quinn was on the staff of Gore as Counsel and Deputy Chief of Staff on inaguration day, 1993. In July 1993 he was named Assistant to the President and Chief of Staff to the Vice-President. Quinn was born and raised in New York. He was a partner in Arnond & Porter before joining Gore's staff. He has been accused of attempting to hide documents and also of

hiding the fact that the White House improperly asked for and received over 1,000 confidential FBI files. At last report he is facing a contempt of Congress charge.

GORE'S FATHER DEAD AT AGE OF 90

Sometimes fiddler Al Gore, Sr. died yesterday. Gore (1907-1998) served thirty two years in the Congress (14 in the House and 18 in the Senate). Norman Jay Ornstein (CFR), Resident Scholar with the American Enterprise Institute, (CNN Dec. 5) said: "Gore did as much as anybody to alter the whole mind set of the public and enable the civil rights revolution to take place." He was an opponent of the Vietnam War. He was quoted: "I might be running ahead of the pack sometimes, but I'm usually headed in the right direction." William E. Brock III (CFR/TC), Chairman of the Blackstone Group and former Secretary of Labor (1985-1987), said that Al Gore, Jr. has a chance at something he could never achieve. Gore, Sr. once said: "(I) looked in the mirror a few times and thought I might be seeing a president. I enjoyed the hallucination." Bruce Morton of CNN ended his report: "He was a politician of the old good school from the time that politics was honorable work." In 1956 Austin American-Statesman Dec. 6) Gore, Sr. passed the interstate highway system bill. He was a leader among liberals in the Senate who was defeated for re-election in 1970 by Bill Brock. He (Reuters Dec. 6) opposed school prayer and supported stricter gun control laws. Gore also "protected his friend Armand Hammer, an industrialist and frequent visitor to the Soviet Union, from investigation by Communist hunters at J. Edgar Hoover's FBI." After he lost his Senate seat in 1970, Hammer provided Gore with a $500,000 a year job as head of a coal company owned by Occidental Petroleum Corp.

ESPY WINS KICKBACK TRIAL DESPITE 70 WITNESSES AGAINST HIM

Wednesday former Agricultural Secretary Mike Espy (Reuters Dec. 2) was acquitted by a Washington, D.C. jury of 11 blacks and one white on all charges after a $20 million investigation. Prosecutors said he had illegally accepted some $33,000 in sports tickets and other favors from companies he had regulated. Espy, 45, quoted the 27th Psalm. No testimony was presented by the defense while the prosecution called 70 witnesses. He was the first cabinet member since 1987 to be tried on criminal charges. Mark Shields (PBS News Hour Dec. 4) said that Espy took gifts but returned no favors. Paul Gigot (BB) said Espy voted for the independent counsel statute while Democrats were in control. U.S. Senator Bill Rist (R-Tenn.) said (Capital Gang Dec. 5) that there were nine convictions based on money and favors relating to the Espy case.

The special independent counsel statute is now set to expire next June. Jim Lehrer (CFR) interviewed three former independent counsels. James Brosnahan, an assistant independent counsel for Iran-Contra (News Hour Dec. 4) said the investigations take too long, too many are prosecuted and the statute should be abolished. The special counsel is not accountable. He is appointed by appointed federal judges. Head Iran-Contra investigation counsel, Lawrence Walsh, wants to keep the statute but with radical changes. He would limit the statute to misconduct involving the power of office and exclude the cabinet. It should also not involve pre-office conduct or conduct of a personal nature. Lloyd Cutler (CFR/TC) suggested to Walsh that 25 persons be chosen as qualified by the Senate to serve as potential independent counsels. James McKay, who investigated Notzinger and Ed Meese, said the baby should not be thrown out with the bathwater. It is too partial for the DOJ to investigate but coverage should be limited. Of the first 18 counsels, 11 recommended no prosecution.

FORMER PRESIDENT FORD GETS VICTORY OF FREEDOM AWARD

On Tuesday Gerald Ford (Austin American Statesman Dec. 4) was given the "Victory of Freedom Award" which commemorated the 50th anniversary of his election to Congress. When he first campaigned for Congress he was visited by Prince Bernard (BB).

DEUTSCHE BANK NOW WORLD'S BIGGEST BANK AND STILL COUNTING

Deutsche Bank (Reuters Nov. 30) agreed Monday to pay $10.1 billion for Bankers Trust. The deal will create the world's biggest $834 billion bank and cause 5,500 job cuts in New York and London. 6% of employees (Bloomberg Morning Report Dec. 1) will get pink slips. CFR Fellow Bruce Stokes (CFR) (identified on screen) (ABC News Nov. 30) said Americans used to concerned about foreign ownership but it has now become acceptable. Gaylon Ross notes that Stokes is also an international economics correspondent for the National Journal. The largest bank at the moment is UBS AG of Switzerland. Deutsche Bank (AP Dec. 2) is also taking over Credit Lyonnais Belgium, a subsidary of France-based Credit Lyonnais, S.A. for about $590 million. At the end of September (Austin American-Statesman Dec. 1) the Deutche Bank had some 20 billion marks of cash reserves.

LIKELY TAKEOVER TARGETS?

Medtronic is merging with AVE for $4.3 billion in stock and debt. More takeovers may occur soon (Bloomberg Morning Report Dec. 1) with Lehman Brothers, J.P. Morgan and Painewebber being prominently mentioned. In the past year and a half, regulators (Austin American-Statesman Dec. 5) blocked mergers between office products retailers Staples and Office Depot, defense giants Lockheed Martin and Northrop Grumman and the nation's four top wholesale drug dealers.

EUROPEAN CENTRAL BANKS CUT INTEREST RATE TO 3%

Led by Germany 10 EU central banks cut rates to 3%. It was an earlier than expected cut. When the Euro begins the interest rate in Europe will be set by the EU central bank after January 1.

MARKET FORECASTS: A 50% CORRECTION AFTER 10,000?

Last week (Moneyline Dec. 4) the market went down by 3.5%. The recent 500 point DJIA drop amounted to a stockholder value loss of $400 billion. $16 billion has flowed into U.S. stock funds--half the amount of a year ago. Small caps on the Russell 2000 for the year (Nightly Business Report Dec. 4) are down 8.9% while the S & P 500 is up 21.2%. Most talk is that the Fed will not cut rates at its December 22nd meeting but will wait for the first quarter.

Steven Leuthold, Chairman of the Leuthold Group told Lou Dobbs (Moneyline Dec. 4) that so long as Main Street loves stocks, the market will go up. He noted that earnings are not motivating buying and that net stocks had no earnings. Leuthold predicted the market would reach 10,000 in the first quarter of 1999 but then sees a correction of as much as 50%. Stockholders, he predicts, will become disillusioned with the market and allow it to return to median levels . He said the market has already gone way beyond any past extremes on any valuation basis. But Myron Kandel is bullish and says the market is going to record highs.

Stocks (Austin American-Statesman Dec. 6) (Steven T. Goldberg) on the average have returned 11% a year since 1926 compared to 5.4% for government bonds and 3.7% for T-bills, bank certificate of deposits and money-market funds. Inflation has averaged 3.1%. In 1931 stocks tumbled 43%. After the 1929 crash (when stocks lost 86% of their value in three years), it took until 1944 to break even. After the 1973-1974 bear market (when stocks went down by 48%) it took three years to recover (ten years counting inflation).

EXXON GIVES $73.7 BILLION IN STOCK FOR MOBIL

Tight-lipped Exxon Chairman and CEO Lee R. Raymond (CFR/TC) arrived (Reuters Nov. 30) in New York Monday. He said (PBS Dec. 1): "I have never been for bigness for bigness alone." The some 9,000 workers that will be (NBC Dec. 1) cut, he said, would be those who are "redundant." Some $2.8 billion in cost savings are expected (Nightly Business Report Dec. 1) over the next three years. The $73. 7 billion price eclipses the $72.6 billion purchase of Citicorp by Travelers Group to form Citigroup. Recently British Petroleum Co. Plc bought Chicago-based Amoco Corp. The other "Big Three" oil company is the Anglo-Dutch oil giant Royal Dutch/Shell Group. Mobil already has a big refining venture with British Petroleum.

Raymond was a recent honoree of a John J. McCloy Awards dinner sponsored by the Warburg-linked American Council on Germany (ACG). John Jay McCloy (BB/CFR) was on the Warren Commission and served as Chairman of the Council on Foreign Relations (1953-1970). Lee Raymond (Austin American-Statesman Dec. 3) is a director of J.P. Morgan Guaranty Trust Company and the American Petroleum Institute. He is the father of triplets, owns $25 million in Exxon shares and made $3.25 million last year. Raymond is considered to be opposed to treaties to prevent global warning by some environmentalists.

Soon to be vice-chairman (AP Dec.2) of Exxon Mobil, Lucio Noto (CFR), the Chairman of Mobil, stated: "The world has changed." The merger (Nightly Business Report Dec. 1) will be a "marriage of strengths." Noto (Austin American-Statesman Dec. 3) has close ties to Saudi Arabia's royal family. He is a trustee of the Urban Institute and a director of Philip Morris Cos. and IBM. Noto made $2 million last year and likes cigars, fast cars and the opera. He has been described as "not a wall flower." Gerald Meyers, Professor at the Carnegie-Mellon Graduate School of Business and former CEO of American Motors said of Noto: "Noto runs a top-down organization. He's king of the castle, lord of the manor...I think Noto will (eventually) leave with a boxcar of gold and closed lips."

Some 12,000 employees (Bloomberg Morning Report Dec. 1) (10% of the workforce) will be laid off. The Exxon/Mobil combination would control 22% of the U.S. gas market and refine more oil than any other company. Mark Crampton said the 40% decline in oil prices to a 12-year low has contributed to the marriage plans. The answer is more mergers (romance) and layoffs (reality). In this international era of global giants (NBC Dec. 1) American companies now have to be big in order to survive. Europe (AP Dec. 4) is having a flurry of billion-dollar mergers. In the U.S. the 5 all-time high dollar mergers (PBS News Hour Dec. 4) have occurred since April.

Exxon shareholders will now own 70% of Exxon Mobil Corporation (Business Wire Dec. 1). The new 19-member board will include six directors from Mobil. In 1997 Exxon had a net income of $8.5 billion on revenues of $137.2 billion. Its average return was 16.5%. Mobil had a 1997 net income of $3.3 billion on revenues of $65.9 billion. Its average return on capital was 13.4%. Exxon Mobil will have about 48,5000 gas stations--about a third of them are in the U.S.

A PBS panel (Dec. 1) on the Exxon/Mobil merger consisted of Daniel Yergin (CFR) of Massachusett's Cambridge Energy Research, author Ron Chernow and Christopher Flavin of Worldwatch Institute. Yergin used buzzwords mostly like efficiency, competition and deregulation.

Chernow, a graduate of both Yale and Cambridge University in England, has written a book on J.P. Morgan, the Warburgs and most recently one on John D. Rockefeller (*The Titan*). He was given unrestricted access to the Rockefeller family papers. On another show, Chernow said the marriage was necessary. On PBS he said the two biggest companies of the original Standard Oil trust were originally Exxon and Mobil that together were 52% of the trust. Now Exxon Mobil will have about 25% of the U.S. market--less power than the old trust. His two rules: 1) capital counts and 2) the market rules. Because the prices cannot be controlled it is necessary to "ruthlessly" cut costs. Oil is much more pervasive now--we are very dependent upon oil. It will be a difficult mix. An Exxon CEO once said management training was like teaching an elephant to dance. Chernow said here it was more like a Hippo. There used to be a sort of tabbo against this kind of merger. The ghost of Standard Oil will hover over the deal. The FTC will demand "some flesh" but ultimately will give its approval. BP and Amoco also derive from the old trust.

Flavin said that both companies had pulled out of solar technology while British companies stayed the course. Mobil has been more aggressive while the British have been more environmental. The bigger the merger the most risky it is. Gas prices are now at the 1972 level (NBC Dec. 1). Crude oil is also at record availability. Last year's warm winter crushed the demand.

In May (Reuters Dec. 2) President Clinton created a high-level group to examine big-money mergers. It includes NEC chairman Gene Sperling, CEA Chair Janet Yellen and Treasury Secretary Robert Rubin (BB). In testimony to the Senate Judiciary committee last June, Yellen, a 1971 Yale Ph.D. in economics, said this was the fifth major merger wave in the last 100 years. The former Federal Reserve Governor also

said that "large size is not the same as monopoly power." Yellen, a former Berkley professor, has also been a lecturer at the London School of Economics. At Yale (Business Week March 3, 1997) other students borrowed her notes on James Tobin's lectures. The Exxon Mobil combination (Reuters Dec.2) will most likely be reviewed by the FTC rather than the DOJ.

In August (AP Dec. 2) Amoco Corp., another Standard Oil spinoff (which years earlier absorbed what was the Ohio segment of Standard Oil) was taken over by British Petroleum. BP (AP Dec.2) paid $57.1 billion for Amoco Corp.

BRAZIL'S POLITICIANS SAY "NO" TO REQUIRED IMF REFORMS

The Import-Export Bank (Moneyline Dec. 4) extended $1 billion in further credits to half a dozen Brazlian banks. Stocks declined (Moneyline Dec. 4) almost 9% in Brazil after pension reforms were shelved. Brazil is Latin America's largest economy. Michael Hartnett, Senior International Economist with Merrill Lynch said: "Ultimately Brazil will continue to be a big negative..." Lawrence Chimerine, Chief Economist with Economic Strategy Institute, said the IMF reforms were too rushed.

WALK ON DOWN OR ACROSS THE STREET IF YOUR JOB IS TAKEN AWAY

The unemployment rate (NBC News Dec. 4) is down to 4.4%--the lowest level in six months. The figure (Moneyline Dec. 4) matches a 28-year low set last spring. There were 47,000 construction jobs created last month as low mortgage rates (about 6.7%) pushed up sales of homes. John Challenger of Challenger, Gray and Christmas, said (PBS News Hour Dec. 4) the new jobs being created are good jobs: "We're not turning back to a nation of hamburger flippers." The average new job search time is now 2.6 months compared to 3.3 months but there will be no more lifetime jobs. Unemployment is negative in the technology sector. Productivity (Moneyline Dec. 3) was up 3% in the third quarter. In November there were 65,000 new service jobs. Payrolls outside the farm sector (Reuters Dec. 4) climbed 267,000 in November. That's up from the revised October number (Nightly Business Report Dec. 4) of 145,000. Average factory job pay (NBC News Dec. 4) per week is $573 compared to $433 for service sector jobs.

U.S. Corporations are playing Santa Claus to their shareholders (Reuters Dec. 2) but for many laid-off workers their role is that of the Grinch. Jobs cuts in 1998 will probably reach the 625,00 mark by the end of the year. Joel Naroff, Chief Bank Economist with First Union Corporation, stated: "Job security is not something you even talk about anymore. It is now defined as the ability to walk across the street and get another job." Boeing will cut 48,000 jobs (NBC Dec. 1) over the next two years. The cuts are being blamed on Asia. Johnson and Johnson is cutting 4,100 positions (4% of its workforce). Kellogg is trimming 21% of its salaried employees (PBS News Hour Dec. 4) at its headquarters. Zenith (NBC News Dec. 4) is closing a plant that employs 12,000. 10,000 U.S. steel workers (CBS Dec. 3) have been laid off. Russia, Japan and Brazilian companies are selling their steel in the U.S. for less than the cost of production. The biggest increased in steel exports are coming from Japan (210%), Brazil (151%) and Russia (115%). The number of U.S. steel jobs could be reduced by 50%. Since March (Reuters Dec. 4) manufacturing employment has fallen by 245,000.

John Challenger (Austin American-Statesman Dec. 3) said: "It used to be you'd worry about what your Christmas bonus was going to be. Now you have to worry whether you're going to get a pink slip or not." It used to be a corporate taboo to fire workers during the holiday season. He added: "That doesn't seem to be the case anymore."

WATER, WATER ALMOST EVERYWHERE TO GO PRIVATE?

Water may be the next big area for privatization in the U.S. Less than 15% (Moneyline Dec. 3) has been privatized so far. The Clinton administration announced $850 million to upgrade drinking water. Rebecca Mark, Vice-Chairman of Enron, who is creating a market for private investment, sees water (Nightly Business Report Dec. 4) as the next big thing. J. James Barr, President and CEO of American Water Works, was interviewed. Citizens care less about who hauls their trash and care more about their water.

So far cities are generally reluctant to sell their crown jewel but privatization could save as much as 40%. Companies now include: American Water Works, Philadelphia Suburban, DQE's Aquasource, American States Water, Aquarion, California Water Services, E'Town and United Water Resources.

CALIFORNIA GROWERS THREATENED WITH INVASION FROM THE SOUTH

Red fire ants, having conquered the south from Texas to Florida, now (NBC News Dec. 4) are threatening California. The national cost per year is $2 billion. No effective remedy has been found. The "living fire" is virtually impossible to put out.

CITIBANK DID SECRET MONEY TRANSFER SAYS WASHINGTON POST STORY BASED ON GAO REPORT

In October, Swiss authorities seized accounts on the basis that it came from Mexican drug lords (Moneyline Dec. 4). The Citibank story broke (Moneyline Dec. 4) on the same day that Citigroup's Chairman and CEO, Sandy Weill, was opening the New York Stock Exchange. Up to $100 million (Reuters Dec. 4) in alleged drug money, for imprisoned Raul Salinas, the brother of Carlos Salinas, the former President of Mexico (1988-1994), was secretly transfered by Citibank without investigation, according to the Washington Post citing a GAO report. Citibank assisted (Moneyline Dec. 4) Raul in setting up dummy offshore corporations and concealing drug money as it went from Mexico to Switzerland. The report stated: "Citibank...facilitated a money-managing system that disguised the origin, destination, and beneficial owner of the funds involved." The transfer violated the bank's own guidelines and may result in congressional hearing for the second biggest U.S. bank. Amy Elliot (Austin American Statesman Dec. 4) was the Citibank executive who worked on the Salinas account. The "Know Your Customer" policy has been recently linked to a more intrusive role in general by banks who may soon turn-in suspicious customers. For some time cash withdrawals have triggered bank reports to higher authorities. Citbank (Moneyline Dec. 4) responded to the report: "The GAO report does not conclude that any law was violated."

ALABAMA STATE PENSION FUND LOAN ALLOWS COMMUNITY NEWSPAPER HOLDINGS INC. TO PURCHASE SMALLER HOLLINGER NEWSPAPERS

Community Newspaper Holdings Inc. (AP Dec. 4) will pay $475 million for 45 newspapers (28 dailies and 17 weeklies) now owned by Hollinger International. Hollinger will focus on its larger U.S. newspapers--including the *Chicago Sun-Times*. Community will then have 96 dailies ahead of Gannett Co. Inc., with 87 daily newspapers.

CHIEF OF WORLD COUNCIL OF CHURCHES CALLS FOR SWEEPING CHANGES

On the 50th anniversary of the World Council of Churches, the Rev. Konrad Raiser (AP Dec. 4) called for a new orientation at a time when homosexuality and the role of woman in the church have caused devisiveness. His call followed a boycott (AP Dec. 3) by the Russian and Greek Orthodox churches who disapprove of the council's increasingly liberal stand on a number of issues. Seven months Eastern Orthodix leaders said that they were in a minority role and were unable to influence "the general trend and ethos of the WCC."

EU DEFENSE WILL INVOLVE "CREDIBLE" MILITARY FORCES

Britain (Reuters Dec. 4) has finally agreed to a long-suggested French idea of a European defense identity. Tony Blair signed up to a declaration with French President Jacques Chirac on a proposal floated by the Labor leader in October. The signing took place on a British warship off the French Brittany port of Saint-Malo.

SWISS SUPPOSED RUSSIAN MAFIA TWO-WEEK TRIAL GETS UNDERWAY

Bulletproof vests were given to some of 90 witnesses (AP Nov. 30) testifying in a Swiss criminal case against Sergei Mikhailov who is the alleged head of the Moscow-based Solntsevskaya crime organization which prosecutors say is linked to the worldwide crime network of mafia godfather Vyacheslav Ivankov (Yaponchik). Yaponchik was arrested by the FBI in June of 1995 and was sentenced to almost ten years in prison last year in New York. A former Moscow police officer, Nikolia Oporov, a witness, is under heavy guard. Vadim Rozenbaum, a witness that prosecutors planned to call, was assassinated in the Netherlands in 1997. In Russian society the highest level of the criminal hierarchy is the *vory v kakone* ("Thieves professing the code"). They are said to currently number less than 400 in Russia. The "leaders" (*lideri*) are said to number about 20,000. When communism collapsed, enormous amounts (over $3 billion) of private wealth flowed into Switzerland. Russians have been buying villas (AP Nov. 29) on the Swiss Riviera of Lake Geneva and placing their fortunes in Swiss banks.

THAILAND'S PARLIAMENT MAY IMPEACH OVER IMF SIGNING

In Thailand portrait drawing Prime Minister Chuan Leekpai (AP Dec. 3) is facing impeachment for signing letters of intent to the IMF without consulting parliament. Stiff opposition to Chuan is expected by Thailand's 258 appointed Senators who are largely wealthy businessmen. Many are said to be deeply in debt and in default. In a visit to the U.S. Chuan in March met with U.S. Senator William V. Roth, Jr. (CFR/TC). George Soros was quoted concerning Chuan: "He is moving the country in the right path."

SECRET POLICE CHIEF'S TOPPLED STATUE MAY RISE AGAIN

In 1991 pro-democracy protesters in Russia (AP Dec. 4) toppled the statue of Soviet secret police chief Felix Dzerzhinsky ("Iron Felix") that had inspired Communists and terrified human rights activists. Friday the lower Russian House passed a resolution, by a vote of 255-102, calling on the Moscow city government to resurrect the statue of the infamous secret police chief. It was justified as a "symbol of the fight against crime in Russia." The mayor of Moscow opposes the restoration. A motion to end state funding for maintaining Vladimir Lenin's mausoleum on Red Square was overwhelmingly defeated.

STILL NO RUSSIAN BUDGET BUT IMF LOAN IS BEING ANTICIPATED

A budget debate (AP Nov. 30) was canceled Monday before the Tuesday visit of IMF chief Michel Camdessus. Yet $17.5 billion of IMF aid is being included in next year's Russian budget. The IMF is anxious for Russia to pay off its debt to foreign creditors including the IMF. Russia has so far (AP Dec. 1) obtained about $5 billion of the total $22.6 billion IMF bailout. Wednesday (Reuters Dec. 2) Camdessus, who didn't meet with Yeltsin, said more IMF support might come in 1999. Primakov said: "He has come here with a little briefcase of documents rather than with a huge trunk of cash." On Wednesday the Duma passed a resolution demanding that a medical report be made on Yeltsin's health.

Michel Camdessus became the 7th Managing Director and Chairman of the Executive Board of the IMF on January 16, 1987. >From 1978-1984 he was Chairman of the Paris Club. In November 1984 he became Governor of the Bank of France. For about thirty years the head of the IMF has been from France.

On Friday (Reuters Dec. 4) Russian PM Yevgeny Primakov told a gathering of "global captains of industry" (the World Economic Forum) that Russia was committed to free markets and trade. However, George Soros (BB/CFR), in Washington, publicly stated on Thursday that the Russian economy was beyond international help and "out of hand." Soros (Reuters Dec. 4) had urged devaluation by Russia before the collapse of its banking system and partial default on debts. He lost some $2 billion in Russia before testifying in favor of the most recent IMF bailout bill. Soros (AP Dec. 4) spoke to an audience at the Johns Hopkins University's School of Advanced International Studies. He said that taxes on short-term capital flows was not the answer and called for "international credit insurance" to avoid future massive bailouts.

Russia (RFE/RL Newsline Sept. 18, 1997) joined the Paris Club of creditor nations on September 17, 1997. Christian Noyer, president of the Paris Club, said that some $52 billion in debt owed to Russia by

developing countries would be reduced to $12 billion and debts would be rescheduled. In June of 1996 Russia rescheduled its $38.7 billion debt to Paris Club members.

WOLFENSOHN DENIES CRITICISM OF IMF BY WORLD BANK

The President of the World Bank (AP Dec. 3), James Wolfensohn (BB/CFR), denied Thursday that his bank had criticized the IMF's handling of the Asian crisis. He said while economists of the sister banks sometimes debated issues privately, the World Bank is to busy to second-guess the IMF.

SUMMERS AND TALBOTT WILL TAKE PULSE OF RUSSIA

Russian inflation (AP Dec. 4) is expected to top 70% in 1998. The ruble is trading about 20 to the dollar--paralleling the ratio in August. More rubles may be printed unless foreign assistance comes through soon. Lawrence H. Summers (CFR), Deputy Treasury Secretary and Strobe Talbott (CFR/RS/TC), Deputy Secretary of State will be in Moscow for regular talks (AP Dec. 4) Dec. 10-12.

YELTSIN BEING BLAMED FOR DECLINE OF ONCE-MIGHTY RUSSIAN MILITARY

The Russian army (AP Nov.30) has been crippled by a chronic shortage of cash with little money to repair equipment, train soldiers or to modernize technology. Yeltsin, who is posing for pictures but not speaking publicly, was described as "pallid." The three grounds of impeachment being considered against him are: 1) the 1991 collapse of the Soviet Union, 2) the use of force against parliament in 1993 and 3) the war against Chechnya in 1994. The *Nezavisimaya Gazeta* (Reuters Dec.1) said Yeltsin was only the third most influential Russian politician (behind P.M. Yevgeny Primakov and Moscow Mayor Yuri Luzhkov).

EX-POPULAR SINGER TURNED LAWMAKER WALKS OUT ON MAKASHOV

Iosif Kobzon (Reuters Dec. 2) walked out of the Duma Wednesday, saying he was sickened by the anti-Semitic comments made by Duma Deputy Albert Makashov in October. Kobzon, the Soviet Union's version of crooner Frank Sinatra, criticized Makashov for saying that Jews should be rounded up and jailed. The Duma refused a motion of censure.

RUSSIANS ARE TURNING TO GARBAGE IN A COLD WINTER WHILE BANKERS ARE MURDERED

In Ulan Ude, Russia, the towns people (NBC Dec. 4) are going through garbage, have no work, no help from their government and are suffering from a brutal cold snap. Organized crime, meanwhile, is "striking at the very heart of this infant democracy." Attacks are being made on officials who take on corruption. From 1993 to 1998, 95 bankers, 19 journalists, 100s of business leaders and 6 members of Parliament were gunned down.

The U.S. (AP Dec. 6) is sending $5 million in cash and 35,000 tons of wheat to Georgia. The central bank of Georgia stopped defending its lari currency and will allow it to float as recommended by the IMF.

VODKA NATIONALIZATION ANYBODY?

Under the Czars and the Soviet regime, vodka (Austin American-Statesman Dec. 6) provided up to 30% of all government revenue in Russia. Now the take is less than 5%. Of 600 gallons of Vodka sold in 1997, 217 million gallons were legal. It costs 5 rubles ($.30) to produce a bottle which then has a 10 ruble tax ($.60) which must be paid by the producer (not the consumer). Vodka was privatized six years ago. Gazprom will pay 25% of its $790 million tax bill in food.

LONG MEETING HELD BETWEEN CASTRO AND U.S. SENATOR DODD

Fidel Castro held a 6-hour Havana meeting (Reuters Dec. 6) beginning on Friday with Sen. Christopher Dodd (CFR) (Demo.-Conn.) who supports an easing of the trade embargo against Cuba. No details have

yet been made public.

FORMER MALAYSIA FINANCE MINISTER ACCUSED OF SODOMY

A former driver (Reuters Dec. 3) for sacked Malaysian finance minister Anwar Ibrahim, Azizan Abu Bakar, said he had been made a "homosexual slave" in 1994. A book, entitled "Fifty Reasons Why Anwar Ibrahim Cannot Become Prime Minister," accused the former finance minister of the crime of sodomy. In September P.M. Mahathir Mohamad ousted his deputy on the grounds that he was morally unfit. A lawyer for Anwar, who is on trial on four counts of abuse of power (AP Dec. 4) accused Azizan, a Muslim, of "lying brazenly." Mahathir Mohamad, the Prime Minister of Malaysia, no longer allows his country's currency to be traded outside its borders (Wall Street Journal).

HUMAN RIGHTS WATCH IS WATCHING U.S.

Human Rights Watch (CNN Dec. 2) says the United States is "out of step" on major human rights issues. The New York-based group also praised the compassion of UN Secretary-General Kofi Annan.

U.S. NATO TROOPS ARREST SERB COMMANDER ON BEHALF OF UN

Acting pursuant to a secret UN war crimes indictment, U.S. NATO troops Wednesday (Reuters Dec. 2) arrested Radislav Krstic, a senior Serb Army commander wanted on genocide charges. He was taken to the Hague to join 25 other war crimes suspects in the Scheveningen detention center. The arrest was in line with SFOR's mandate to detain indicted war criminals that are encountered in the course of duty, said NATO Secretary General Javier Solana. The war tribunal was established by a UN Security Council resolution in May 1993. The Serb republic (Reuters Dec. 3) reacted angrily to the arrest. James Rubin (CFR) stated: "We are pleased that SFOR forces detained a Bosnian Serb military officer who has been charged by the international criminal tribunal for the former Yugoslavia." He added: "All persons indicted for war crimes, including Radovan Karadzic and General Ratko Mladic, belong in The Hague in the custody of the international tribunal." Russia (AP Dec. 4) has protested the arrest saying it should have been handled by the Serbs and the International Tribunal. The Russia (Reuters Dec. 4) also denounced the system of secret UN criminal indictments. The secret October indictment by the UN alleged offenses committed in July 1995 in the "safe haven" of Srebrenica in eastern Bosnia. Some 6,000 Muslims (News Hour Dec. 4) were murdered by the Serbs.

U.S. ELITES INTERVIEWED IN TURNER'S "COLD WAR" SERIES THIS WEEK

Among the elites interviewed for the Cuban Missile crisis story for CNN's "Cold War" series this week (Dec. 6) were Theodore Chaikin Sorensen (CFR), Special Counsel to JFK, General William Young Smith (CFR), Assistant U.S. Joint Chiefs of Staff, Roger Hilsman (CFR), Head of Intelligence, U.S. State Department and Robert S. McNamara (BB/CFR/TC), JFK's Secretary of Defense.

GERMAN CHANCELLOR SCHROEDER ALREADY IN HOT WATER

With even the environmentalist Green complaining about his style, German Chancellor (Reuters Dec. 1) is in political trouble after only five weeks in office. Unemployment is a big problem. A close Schroeder adviser is Bodo Hombach. Advisors to British and German leaders (Irish Times Nov. 27) sat for the first of a series of meetings aimed at putting flesh on the "Third Way." The chair of the high-level strategy group is Peter Mandelson, British Trade and Industry Secretary. Bodo Hombach, described as "a minister-without-portfolio in the new German government," is Schroder's closet ally in Bonn. Hombach (German Information Center) has been the German Federal Minister of the Chancellery since October 27, 1998.

EINHORN LAWYER SAYS DEATH FRENCH LAW BANS DEATH PENALTY

At the latest Ira Samuel Einhorn hearing in France (AP Dec. 1), his defense lawyers argued that because the death penalty is banned by French law, he should not be expedited despite a new Pennsylvania law

that would give him another trial. A decision has been promised on Jan. 12.

SESNO, CNN ANCHOR, REPORTS ON INTERNATIONAL HOLOCAUST CONFERENCE

Frank Sesno (CFR) reported on the International Holocaust Conference. Nazi art will be returned to its owner or heirs or be auctioned off to benefit Holocaust survivors.

U.S. CAMPAIGN CONSULTANTS BUSY IN ISRAEL

Clinton 1992 campaign adviser James Carville (AP December 1) has been hired by Israeli Labor Party opposition leader Ehud Barak. Barak, who got his M.Sc. degree in Economic Engineering Systems from Stanford University in 1978, became chairman of the Israel Labor Party in June 1997. Carville is married to Mary Matelin (a key player in the Bush re-election campaign). Carville will work with pollster Stanley Greenberg and media specialist Robert Shrum. The trio has contributed to the Tony Blair campaign in Britain and also German Chancellor Gerhard Schroder.

In 1996 Benjamin Netanyahu was advised by U.S. consultant Arthur Finkelstein. Finkelstein, a secretive gay (*Boston Magazine*) political strategist, advised Bob Dole in 1996. He and his principal sidekick, Kieran Mahoney, ran the recent losing D'Amto campaign (NY Post). The duo supposedly made D'Amato's image "from that of a moderately conservative Republican into a gay-rights activist whose primary intent was breast-cancer obsession." His proteges (*Time* Oct. 7, 1996) include admakers Alex Castellanos and Chris Mottola, communications director John Buckley and pollster Tony Fabrizio. Greenberg and sociologist Theda Skocpol who are, according to Nicholas Lemann, the founders of "a loose group of intellectuals and political strategists who want to tug the Democratic Party further to the left." Yale Press has published their 333-page book, *The New Majority: Toward a Popular Progressive Politics*. Skocpol, a Professor of Government and Sociology at Harvard University, (The American Prospect March-April 1996) advises Americans to turn off the TV and attend PTA meetings. She has won both the Woodrow Wilson Foundation Award and the Ralph Waldo Emerson award. Havena- born Alex Castellanis (Time Sept. 16, 1996) led the Dole advertising war on Clinton in 1996. He invented Jessie Helm's rewarding direct-mail campaign in the late 1970s and apprenticed under attack-ad specialist Arthur Finkelstein.

NORTH KOREANS MAKING LOUD ANTI-U.S. NOISES

North Korea (AP Dec. 3) is "on full alert for war." A large rally was held ((AP Dec. 4) with more than 100,000 North Korean soldiers, workers and student on Friday. A 1994 deal to provide two modern nuclear reactors, worth $4.6 billion, in return for a freeze on North Korea's nuclear program, has been shelved so far for lack of outside inspections. Admiral Joseph Prueher (Reuters Dec. 4), the top commander for the U.S. in the Asia-Pacific region, said of N. Korea: "In my mind...it's like stepping on a scorpion. The scorpion will sting you as it dies, but it will still sting." North Korea has a 1.2 million-strong army and spends about 30% of its GDP on its military.

NETANYAHU SAYS PALESTINIANS ARE TO BLAME FOR BREAKDOWN

Before meeting (Reuters Dec. 3) with Donna E. Shala (CFR/TC), U.S. Health and Human Services Secretary, Netanyahu said the peace process had broken down on the Palestinian side and it had "to be repaired on the Palestinian side." He accused the Palestinians (Austin American Statesman Dec. 4) of formenting lynch mobs. Dennis Ross, U.S. Envoy, is being dispatched to resolve the current dispute. Observant Jews (Reuters Dec. 4) have asked President Clinton to change his travel plans so preparations won't have to be made for his visit on the Jewish Friday Sabbath. There are (NBC News Dec. 5) 23,800 troops, 24 warships and 200 warplanes in the Gulf.

PALESTINIANS APPEAR TO BE IN THE REAL MONEY AS ACCORD PROCEEDS

On Monday $400 million in U.S. aid (Reuters Nov. 30) was promised to the Palestinians by Clinton. The EU pledged $480 million over the next five years towards the $2 billion goal. A pro-Palestinian funding

meeting is planned by the World Bank in Europe in early February. Clinton will travel to Israel December 12-15 and plans to address the Palestinian National Council as a vote is taken to purge the PLO charter of all anti-Israel language. Today the multiple arrests of anti-Israeli terrorist Palestinians by Arafat are scheduled to begin.

ARAFAT MAKES REFERENCES TO OCCUPATION IN JERUSALEM

Arafat said Monday (AP Dec. 1), apparently in reference to Jerusalem, that it was "occupied territory." There are an estimated 180,000 Palestinians and 422,000 Jews now in Jerusalem. On Sunday Arafat had a private home chat with Secretary of State Albright (CFR/TC). A new U.S.-Palestinian commision (AP Dec. 2) has been created to channel $900 million in new U.S. aid to the West Bank and Gaza. It met Tuesday in Albright's office. Arafat said: "We are all the sons and daughters of Abraham." Arafat also met with CIA Director George Tenet (CFR). The CIA is ensuring that Arafat fulfills his arresting promise to counter terrorism as outlined in the Wye River accord. Arafat was given pledges of $3 billion. Rep. Benjamin A. Gilman (R-N.Y.), Chairman of the House International Relations Committee, said the U.S. should retain control of the funds instead of turning them over to the PLO. Albright (AP Dec. 4) spoke by phone Thursday with Netanyahu and was told that he had not made any new demands on the Palestinians. James Rubin (CFR) has (Austin American Statesman Dec. 4) commented: "We do not believe it is appropriate to add new conditions." Israel is demanding (CNN Dec. 2) that Palestinians not speak about statehood, release of political prisoners and stop acts of violence and incitement. Nabil Shaath, a Palestinian Cabinet Minister, said you can't add provisions to a completed agreement. But Netanyahu said: "I can't see myself allowing an Israeli citizen to be lynched." Hanan Ashrawi, a Palestine Council Member, stated: "I don't understand why when an Israeli settler of Israeli fundamentalist or terrorist kills a Palestinian in cold blood this is not an act of terrorism." Ariel Sharon said referring to Arafat: "You can't dance with a murderer."

WHITE HOUSE SEEKS ADVICE ON RELEASE OF POLLARD

The White House (Reuters Dec. 4) is requesting advice, from top government law enforcement and national security officials, on whether to release convicted Israeli spy Jonathan Pollard from prison. He has now (CNN Dec. 2) served 13 years of his life sentence. The request was first made in a letter from Charles Ruff on November 16th. Three previous clemency requests have been denied--two by Clinton and one by President Bush. CIA Director George Tenet and Attorney General Janet Reno have opposed any pardon in the past. Tenet at least once threatened resignation. President Clinton (Austin American Statesman Dec. 4) has set a deadline of January 11 for replies. Pollard passed thousands of highly sensitive national security secrets to Israel in 1984-1985. Pollard (Reuters Dec. 6) has asked Clinton for a chance to present his case. His attorney, Larry Dub, wrote to Clinton on Friday: "Mr. President, as you well know, under Tenet the CIA has initiated a witch-hunt to rid the agency of Jews holding security clearances." Pollard was made a citizen of Israel in 1996.

AUSTIN COMMENTATORS ASSESS MIDDLE EAST SITUATION

Sylvia Shihadeh and Robert Jensen stated in a column (Austin American Statesman Dec. 4): "(T)here is no real peace process to put back on track. There is only a continuing process of Israel subjection of Palestinians, with the Palestinian Authority (PA) scrambling to shore up its meager power by continuing to sell out its people to the conquering regional power, which is supported by the United States." Jensen is the U.T. journalism professor who recently hollared from afar at former President Bush as reported in a previous week.

TAIWAN IS CONSIDERING BUYING EXPENSIVE U.S. DESTROYERS

Tuesday (Reuters Dec. 1) Taiwan, which is only 90 miles off the shores of China, announced it may purchase four highly computerized Aegis destroyers from the U.S. and join the U.S.-led Theater Missile Defense system. China may resort to force if Taiwan seeks independence rather than reunion. It strongly opposes weapon sales to Taiwan. The Ageis ships will cost more than $1 billion each. Taiwan's current

national defense budget is about $8 billion. In March 1996 China fired unarmed ballistic missiles into target zones just outside Taiwan's main ports. In June (Reuters Dec. 1) the first opposition party the Chinese Democratic Party-was established. Since then activities have been detained and China's parliament has ruled out new political groups.

In "Tug of War: The Story of Taiwan" (PBS Nov. 30), Chiang Ching-Kuo was shown being interviewed by Katherine Graham (BB/CFR/TC) of the *Washington Post*. The resulting article said Chiang would allow constitution-respecting, non-secessionist anti-communist parties in Taiwan. He was quoted: "One day we will rejoin our people." Martial law, in effect since 1949, was lifted in Taiwan after 37 years.

Independence was a key issue in the 1996 first-time presidential elections held on the 21-million population island. China was not pleased and mobilized its forces. Missile tests just off Taiwan shores were made. Two U.S. carriers were sent despite the lack of a mutual defense pact or diplomatic relations. Lee Teng-hui, a native of Taiwan, was re-elected. It was a vote for a non-provocative independence for Taiwan. The program asked: "Is Taiwan a part of China or not?" The ambiguity "permeates everything in Taiwan today." The future is uncertain. It was also asked whether the U.S. would commit troops to die in defense of Taiwan if China invaded.

The program was funded by the Chang Yung-fa Foundation (EverGreen Group), Yuen Foong Yu Group, Mecuries and Associates, Shinkong Life Insurance Company, Ltd., Taiwan Cement Corporation (Tuntex Group), Freeman Foundation (Formosa Plastics Corporation, U.S.A.) and the United States Institute of Peace.

Saturday (Austin American-Statesman Dec. 4) the voters of Taiwan were provided with a choice between the Nationalists (which support a status quo looking forward towards a non-communist reunification) and the Progressive Party (which eventually wants Taiwanese independence). China closely watched the mayoral race between Progressive incumbant Chen Shui-bian and Nationalist (Sonny Boy Ma) Ma Ying-jeou. In 1979 the U.S. withdrew recognition from Taiwan in favor of the Communist government of the mainland. Chen was defeated by 53% to 47% (Austin American-Statesman Dec. 6) in his pro-independence re-election mayoral bid in the capital city of Taipei. Progressives also lost heavily to the Nationalists for parliamentary elections.

JAPANESE ECONOMY SEEN AS IN AN UNFIXABLE MESS

Japan's GNP (CBS Dec. 3) is the worst in five decades. It hasn't been this sick in generations. No one, including the Japanese, knows how to handle the crisis. About 25% of the population of Japan (AP Dec. 4) will be over 65 by 2015. The declining birthrate threatens a worker shortage needed to support the aged. There are now (AP Dec. 5) 12.1 million acres of farmland in Japan--down 27% from 16.5 million acres in the 1960s.

U.S. MUTUAL FUND DEALERS CAN NOW DO BUSINESS IN JAPAN

Starting Tuesday (Bloomberg Morning Report Dec. 1) Japan's domestic brokers lost their lock on Japan's market. Now U.S. firms such as Fidelity will have a chance to compete for the $10 trillion in household Japanese wealth. At present 40% of U.S. households invest in mutual funds compared to only 4% in Japan.

TURKEY'S PRESIDENT SELECTS FORMER P.M. TO FORM NEW PARTY

Bulent Ecevit, of the Democrat Left Party, has been (Austin American-Statesman Dec. 3) named to form a new government in Turkey. The choice of Ecevit totally bypassed a pro-Islamic leader Recai Kutan of the Virtue Party--the country's largest. Turkey's population is overwhelmingly Muslim. On November 25, Mesut Yilmaz was given a vote of no confidence after allegations were made that he had mobster ties and had rigged the sale of a state bank. Ecevit as Prime Minister in 1974 ordered the invasion of Cyprus which

has been divided into two hostile groups ever since. Germany (AP Dec. 2) has no capital punishment. Turkey does.

HARVARD MBA IS GETTING HIS CHURCH MEMBERS CLOSE TO BANKS

Some 150 churches with 200,000 members (Nightly Business Report Dec. 4) are being leagued with 5 banks by Harvard MBA Jonathan Weaver, President of the Collective Banking Group. The Reverand is getting churchgoers to deposit their money with banks in order to get better access to loans. Russell Simmons, Senior Vice President of Riggs Banks, stated: "Opportunities here are absolutely unlimited." He added that from a marketing view "that's a lot of folks..." So far about $10 million has been deposited in return for $50 million in loans. The loans have been mainly for buildings, including apartment complexes to be managed by church members. There has so far been limited success in getting individual laons for church members but the idea is going national.

VIOLENCE LINKED TO POOR MEMORIES ON PART OF MOVIE WATCHERS

If a program or show has violent content, watchers (PBS News Hour Dec. 4) are less likely to remember ads that accompany it. Brad Bushman of Iowa State University has done three different studies to show this. Students got more angry after watching violence and became less attentive to business advertising.

20/20 ATTACKS EXPLOITATION OF BOY WHO SELDOM WENT TO SCHOOL

In "Children of the Harvest" an emotional entire segment of 20/20 (Dec. 4) concentrated on child labor violations. An 11-year-old making $1,000 a week was one year too young to work for his family and felt that he owed them for what they had done for him. Ohio has only 32 federal inspectors. In 1,500 investigations 100 below-the-age children were found.

WHITE HOUSE IS HOLDING SECRET MEETINGS TO BUILD TRUST

The next Tuesday and Wednesday meetings on Social Security (Reuters Dec. 3) will include secret meetings to build trust, according to White House aid and former Cuomo economic adviser Gene Sperling. Henry Aaron of the Brookings Institution (Nightly Business Report Dec. 4) said that social security is the basic foundation on which private savings can be built. Of the 44 million who receive Social Security, one in five rely upon it for all of their income. For two-thirds it is 50% of income. Aaron opposed the right to invest in one's own account. He said that claims of better returns from private investment were "simply false." The right to own one's own personal account is the "right to lose one's shirt." We should fix Social Security "not trade it in." Jessie Jackson (CFR), spokesman for 170 citizen groups (including the ACLU, NAACP, AFL-CIO, NOW and the National Urban League) (CNN Dec. 2) said privatization is not the answer and that the plans will require children to pay a higher Social Security tax. He (AP Dec. 5) stated: "Privatization is pro-market but anti-family. It turns a program of shared security into one of individual risks." The combined employee-employer tax (Austin American-Statesman Dec. 6) is now 12.4%. In 1940 the typical social security tax was $30 a year. It is now $4,501.20. In 1998 (AP Dec. 5) retirees gave 66% of their money to Republicans.

HUNTERS AND SPORT SHOOTERS NOW REQUIRED TO PASS WHILE-YOU-HAVE TO-WAIT BACKGROUND CHECK

Monday (Reuters Nov. 30) buyers of all guns, not just handguns, were required to have background checks. All gun owners with firearms at pawn shops will also need checks before they are able to recover their weapons. An estimated 12.4 million firearms are sold (AP Dec. 1) annually in the U.S. Annual pawn shop transactions are numbered at 2.5 million. Handgun control is angry over the lack of a waiting period while the NRA says the new system is "an illegal national registration of gun owners. For the first time the new law (ABC News Nov. 30) keeps a record of the type of weapon purchased. Long-guns (NBC Nov. 30) account for about half of all firearms sales each year. Under present federal law, guns purchases are allowed except by felons, the mentally ill and people convicted of domestic violence. A number of states do

not report all the information on those with federally disqualifying backgrounds. The new amendment came during the hunting season and Christmas shopping. Clinton will push next year (Austin American-Statesman Dec. 6) for a new handgun "cooling off" period and a lifetime handgun ban on juveniles convicted of violent crimes. The first 100,000 checks resulted in preventing 400 disqualified people from making a gun purchase.

ALSO IN THE NEWS

Wisconsin (Peaceable Texans) became the 44th state to adopt a constitutional right to keep and bear arms amendment as voters by a margin of almost four to one adopted the following language: "The people have the right to keep and bear arms for security, defense, hunting, recreation or any other lawful purpose."

Last Sunday (AP Nov. 30) 74% of Swiss voters said "no" to a plan to sell narcotics at state-approved pharmacies.

Sharon Stone (Austin American-Statesman Dec. 3), the actress who starred in "Basic Instincts," says that parents should keep condoms around the house for use by their teen-agers.

Citigroup (Bloomberg Morning Report Dec. 1) replaced Chrysler Friday on the DJIA 30.

Personal computers for $1,300 (Moneyline Dec. 4) for cars that will eventually provide voiced e-mail are now on sale for digital citizens and road warriors.

U.S. grain farmers are upset with Canadian subsidies (Nightly Business Report Dec. 4) but an agreement is being negotiated by U.S. Trade Representative Charlene Barshevsky to eventually reach reciprocity.

CBS now leads the rating race (AP Dec.2) but NBC's "Nightly News" won the most recent evening news competition.

The M-2 money supply was down $3.5 billion for the week ending Nov. 22. The slide down began on Nov. 16 at $4382 billion.

Letter bombs (Reuters Dec. 2) were discovered by police in Australia's capital addressed to tax collectors.

The average American commuter (NBC Dec. 1) spends 36 minutes behind the wheel every day.

The typical policeman, in a twenty year career, never fires his handgun once. So says L.M. Boyd (Austin American-Statesman Dec. 2).

William Cohen (CFR/TC) (PBS News Hour Dec. 4) termed John Glenn (TC) "a hero for all the ages" in presenting the Defense Department's highest award for public service.

Short-term business guests in a home (Austin American Statesman Dec. 2), by a vote of 5-4, do not have constitutional protections against unreasonable searches and seizures. This was the ruling of the Supreme Court on Tuesday.

Rockefeller trustee Bill Moyers (BB) (PBS News Hour Dec. 4) is asking for more money donations to PBS.

Paul Gigot (BB) of the Wall Street Journal said (PBS News Hour Dec. 4) that the campaign finance memos that suddenly got no focus were "undeveloped allegations." Mark Shields, however, said the Republicans backed off from a hot soft money "thicket."

Tom Brokaw (CFR) described Americans (NBC Dec. 4) as "creatures of the seasons..."

An experimental program (AP Dec. 2) to raise national park fees to as much as $20 per person by four agencies has boosted revenues without affecting the number of visitors.

Polls show 70% of Americans (Capital Gang Dec. 5) oppose Clinton's impeachment.

The $165 billion S&L bailout (Austin American-Statesman Dec. 6) will be boosted from $4 to $50 billion: "Huge payments may go to some of the nation's wealthiest and most aggressive financiers."

Speaker-elect Livingston (CNN Dec. 2) is proposing a 5-day work week for the present 3-day work week in the House.

Venezuela's front-running presidential candidate, Lt. Co. Hugo Chavez, has hinted he may introduce price controls (Austin American-Statesman Dec. 6) and stop payments on foreign debt if he wins the election today.

Colorado Springs (CNN Dec. 2) is spraying public trees with a skunk odor to stop thieves from stealing trees.

Tonight PBS will feature a sequel (6-10 p.m. CST) to its "Triumph of the Nerds" called "Nerds 2.0.1: A brief history of the internet."

The German Air Force (Austin American Statesman Dec. 2) is claiming it's immune from paying damages caused to livestock and people by its low-level West Texas flights. A plaintiff from Odessa, Texas, Kaare Remme, was quoted: "What are we supposed to do? Let a foreign power operate here illegally?"

The elections Commission (Capital Gang Dec. 5) rejected auditor's recommendations for massive penalties for campaign violations in the 1996 campaigns. Dole (News Hour Dec. 4) would have paid almost $18 million and Clinton $7 million.

A 60 Minutes II (AP Dec. 3) will debute on January 13.

QUOTES

"The best and the brightest on Wall Street lost billions betting that Russia was too nuclear to fail. They did not grasp that it was too corrupt to succeed and that it did little good for the West to transfer resources to Russia's Central Bank if it simply recycled them to a private banking system which served as the money-laundering network for insiders."--Rep. James Leach (CFR/TC) (R-IA) (House of Representatives--October 12, 1998) [Page: H10572]

"The National Securities Markets Improvement Act of 1996 is a significant piece of legislation that will ensure that the U.S. securities market remains the pre-eminent securities market in the world. The U.S. securities market has the most capital and the most investors. Over 50 million Americans own stocks, not counting more than 10,000 institutional investors. Last year, the U.S. stock market had $7.98 trillion in capital--close to half the amount of capital in the entire world market." --Senator Alfonse D'Amato (October 1, 1996)

"(T)he Federal Reserve orchestrated bailout of the hedge fund Long-Term Capital Management LP raises serious policy questions. At one point, the notional value of the Cayman Island-registered fund's derivatives totalled about $1.2 trillion."--U.S. Rep. Ron Paul (October 02, 1998) [Page: E1894]

"When license is given to central banks to inflate (debase) a currency, they eventually do so. Politicians love the central bank's role as lender of last resort and their power to monetize the steady stream of public debt generated by the largesse that guarantees the politician's reelection."--U.S. Rep. Ron Paul (October 16, 1998)

"Because a president is not a king, he or she must abide by the same laws as the rest of us." --Dr. Barbara Battalino, Former Psychiatrist who was convicted of perjury for lying about not having sex with a patient, Testimony before the House Judiciary Committee (NBC Dec. 1)

"**I am concerned that my grandchildren will not have the same chance to earn a living from the land." -- Bob Tullus, Farm Bureau Delegate from Tom Green County (Austin American-Statesman Dec. 2)**
week006.htm